

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88-198(R)  
Texas Paid-Up (2/93)

OIL, GAS AND MINERAL LEASE  
(PAID-UP LEASE)

THIS AGREEMENT made this 30th day of December, 20 08, between  
Luz Inecilia Gann, a married woman dealing in her sole and separate property  
\_\_\_\_\_, Lessor (whether one or more) whose address is 9100 Dove Ct  
Fort Worth, Texas 76126  
\_\_\_\_\_, and Devon Energy Production Company, L.P., Lessee; whose address is  
P.O. Box 450, Decatur, Texas 76234; WITNESSETH:

1. Lessor in consideration of Ten or more Dollars, in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee the lands subject hereto for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas (including all gases, liquid hydrocarbons and their respective constituent elements) and all other minerals, (whether or not similar to those mentioned) and the exclusive right to conduct exploration, geologic and geophysical tests and surveys, injecting gas, water and other fluids and air into subsurface strata, establishing and utilizing facilities for the disposition of salt water, laying pipelines, housing its employees and building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products; which lands are located in Tarrant County, Texas, and described as follows:

See Exhibit "A" attached hereto and made a part hereof for the description of lands in Tarrant County, Texas and for additional terms and conditions which are a part of this lease.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or in adjacent surveys, although not included within the boundaries of the land particularly described above. The land covered by this lease shall be hereinafter referred to as said Land. Lessor agrees to execute any lease amendment requested by Lessee for a more complete or accurate description of said Land and such amendment shall include words of present lease and grant. For the purpose of calculating any payments hereinafter provided for, said Land is estimated to comprise 1.476 acres, whether it actually comprises more or less until such time as Lessee requests a lease amendment and same is filed of record.

2. Subject to the other provisions herein contained and without reference to the commencement, prosecution or cessation of operations and/or production at any time hereunder, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter as oil, gas, or other minerals is produced from or operations are conducted on said Land or land with which said Land is pooled hereunder. The word "operations" as used herein shall include but not be limited to any or the following: preparing drillsite location and/or access road, drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other minerals and any other actions conducted on said lands associated with or related thereto.

3. The royalties to be paid by Lessee are: (a) on oil delivered at the wells or into the pipeline to which the wells may be connected, one-eighth of the proceeds received from the sale of oil produced and saved from said Land; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase or Lessee may sell any royalty oil in its possession and pay Lessor the price received by the Lessee for such oil computed at the well; Lessor's interest shall bear one-eighth of the cost of treating the oil to render it marketable pipeline oil or, if there is no available pipeline, Lessor's interest shall bear one-eighth of the cost of all trucking charges; (b) on gas, including all gases, processed liquid hydrocarbons associated therewith and any other respective constituent elements, casinghead gas or other gaseous substance, produced from said Land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used provided the market value shall not exceed the amount received by Lessee for such gas computed at the mouth of the well, and provided further on gas sold at the wells the royalty shall be one-eighth of the net proceeds received from such sale, it being understood that Lessor's interest shall bear one-eighth of the cost of all compression, treating, dehydrating and transporting costs incurred in marketing the gas so sold at the wells; (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election. Any royalty interests, including, without limitation, non-participating royalty interests, in said Land, whether or not owned by Lessor and whether or not effectively pooled by Lessee pursuant to the provisions hereof, shall be paid from the royalty set forth herein. Lessee shall have free use of oil, gas and water from said Land, except water from Lessor's wells, in all operations which Lessee may conduct hereunder, including water injection and secondary recovery operations, and the royalty on oil and gas shall be computed after deducting any so used.

4. If at the expiration of the primary term or at any time or times after the primary term herein, there is a well or wells capable of producing oil or gas in paying quantities on said Land or land or leases pooled therewith but oil or gas is not being sold or used and this lease is not then being maintained by production, operations or otherwise, this lease shall not terminate, (unless released by the Lessee), and it shall nevertheless be considered that oil and/or gas is being produced from said Land within the meaning of paragraph 2 herein. However, in this event, Lessee shall pay or tender as shut-in royalty to Lessor, or tender for deposit to the credit of Lessor in the At Lessor's address listed above Bank at

(which bank and its successors are Lessors agent and shall continue as the depository bank for all shut-in royalty payments hereunder regardless of changes in ownership of said land or shut-in royalty payments) a sum determined by multiplying one dollar (\$1.00) per acre for each acre then covered by this lease, provided however, in the event said well is located on a unit comprised of all or a portion of said Land and other land or leases a sum determined by multiplying one dollar (\$1.00) per acre for each acre of said Land included in such unit on which said shut-in well is located. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank or for any reason fail or refuse to accept such payment, Lessee shall re-tender such payment within thirty (30) days following receipt from Lessor of a proper recordable instrument naming another bank as agent to receive such payment or tenders. Such shut-in royalty payment shall be due on or before the expiration of ninety (90) days after (a) the expiration of the primary term, or (b) the date of completion of such well, or (c) the date on which oil or gas ceases to be sold or used, or (d) the date this lease is included in a unit on which a well has been previously completed and shut-in or (e) the date the lease ceases to be otherwise maintained, whichever be the later date. It is understood and agreed that no shut-in royalty payments shall be due during the primary term. In like manner and upon like payments or tenders on or before the next ensuing anniversary of the due date for said payment, the Lessee shall continue to pay such shut-in royalty for successive periods of one (1) year each until such time as this lease is maintained by production or operations. However, if actual production commences within the applicable 90 day period, a shut-in royalty payment shall not be required or, if a shut-in royalty payment is tendered, no additional shut-in payment will be due until the next ensuing anniversary of the due date for said tendered payment regardless of how many times actual production may be commenced and shut-in during such one (1) year period. Lessee's failure to pay or tender or to properly or timely pay or tender any such sum as shut-in royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. Lessee agrees to use reasonable diligence to produce, utilize or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities, other than well facilities and ordinary lease facilities of flowline, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If at any time Lessee pays or tenders royalty or shut-in royalty as hereinabove provided, two (2) or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such royalty or shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect.

5. (a) Lessee shall have the right and power in its discretion to pool or combine, as to any one or more strata or formations, said Land or any portion of said Land with other land covered by this lease or with other land, lease or leases in the vicinity thereof. The above right and power to pool and unitize may be exercised with respect to oil, gas or other minerals, or any one or more of said substances, and may be exercised at any time and from time to time during or after the primary term, and before or after a well has been drilled, or while a well is being drilled. Pooling in one or more instances shall not exhaust the rights of Lessee to pool said Land or portions thereof into other units. Units formed by pooling as to any stratum or strata need not conform in size or area with units as to any other stratum or strata, and oil units need not conform as to area with gas units. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area plus a tolerance of 10% thereof, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. The pooling for gas hereunder by Lessee shall also pool and unitize all associated liquid hydrocarbons and any other respective constituent elements as may be produced with the unitized gas, and the royalty interest payable to Lessor thereon shall be computed the same as on gas. With respect to any such unit so formed, Lessee shall execute in writing an instrument or instruments identifying and describing the pooled acreage and file same for recording in the office of the County Clerk in the county in which said pooled acreage is located. Such pooled unit shall become effective as of the date provided for in said instrument or instruments, but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed for record. Any unit so formed may be re-formed, increased or decreased, at the election of Lessee, at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the County in which said pooled acreage is located. Any such pooled unit established in accordance with the terms hereof shall constitute a valid and effective pooling of the interests of Lessor and Lessee hereunder regardless of the existence of other mineral, non-executive mineral, royalty, non-participating royalty, overriding royalty or leasehold interests in lands within the boundary of any pooled unit which are not effectively pooled therewith. Lessee shall be under no duty to obtain an effective pooling of such other outstanding interests in lands within the boundary of any pooled unit. Operations on or production of oil and/or gas from any part of the pooled unit which includes all or a portion of said Land, regardless of whether such operations were commenced or such production was secured before or after the date of this lease or the date of the instrument designating the pooled unit, shall be considered for all purposes, except the payment of royalties, as operations on or production of oil or gas from said Land whether or not the well or wells be located on said Land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In lieu of royalties above specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of said Land placed in the unit bears to the total acreage so pooled in the unit involved, subject to the rights of Lessee to reduce proportionately Lessor's royalty as hereinafter provided. Oil or gas produced from any

24-  
138918

My Commission Expires:

Notary Public, State of Texas

Printed Name:

Notary Signature:

in her sole and separate property

This instrument was acknowledged before me on

30th day of December, 2008

Luz Inecilia Gann, a married woman dealing

LESSOR

LESSOR

Luz. *Neckia* Gamn

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

13. This lease states the entire contract between the parties, and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same and their successors, heirs, and assigns, regardless of whether or not executed by all persons above named as "Lessor".

(c) All terms and conditions of this lease, whether express or implied, shall be subject to all Federal and State Laws, Executive Orders, Rules, or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

(b) The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

12. (a) Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting operations thereon, or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law, or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting operations on or from producing oil or gas from said land; and the time while Lessee is so prevented less than the entire fee simple estate, then the shut-in royalties and royalties to be paid Lessor shall be reduced proportionately.

11. Lessor hereby warrants and agrees to defend the title to said Land and agrees that Lessee may, at its option, discharge any tax, mortgage or other lien upon said Land, either in whole or in part, in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. When required by state, federal or other laws, Lessee may withhold taxes with respect to royalty and other payments hereunder and remit the amounts withheld to the applicable taxing authority for credit to Lessor. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil, gas or other minerals on, in or under said Land acreage to less than one (1) percent (1%) of 640 acres, of the area claimed hereunder and capable of producing gas or other minerals in paying quantities.

10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease, nor cause a termination or reversion of the estate created hereby, nor thereof unless and until furnished with a ratifiable instrument, executed by all such parties, designating an agent to receive payment for all. Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessor, if in default, shall have ninety (90) days after receipt of such notice to the commencement of the compliance with the obligations imposed by virtue of this instrument. The service of said notice shall be preceded to the bringing of any action by Lessor for any cause, and no such action shall be brought until the lapse of ninety (90) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed a disposition upon which Lessee has failed to perform all its obligations hereunder. After the discovery of oil, gas or other minerals in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder, but, in discharging this obligation, it shall in no event be required to drill more than one well per eighty (80) acres, plus an acreage tolerance accepted 10% of 80 acres, of the area are retained hereunder and capable of producing oil in paying quantities and one well per 60 acres, plus quantities on said premises. Lessee shall reasonably develop the acreage retained hereunder, but, in discharging this obligation, it shall in no event be required to drill more than one well per eighty (80) acres, plus an acreage tolerance accepted 10% of 80 acres, of the area are retained hereunder and capable of producing oil in paying quantities and one well per 60 acres, plus quantities on said premises.

[illegible]

8. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed by Lessee on said Land, including the right to draw and remove all casing. Upon Lessor's request and when reasonably necessary for utilization of the surface for some intended use by the Lessor, Lessee will bury all pipelines below ordinary plow and operation expenses.

[illegible]

6. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record, a release or releases covering any portion of said Land and/or portions of subsurface strata or stratum and hereby surrender this lease as to such portion and/or portion of subsurface strata or stratum and be relieved of all obligations as to the acreage, strata or stratum surrendered. Lessee shall retain rights of ingress and egress across and through any released portion and/or strata of the lease in order to have necessary access to that portion and/or operations thereon.

such unit and past lease unit in the operations thereof or to the extent that such unit shall be excluded from calculation of royalty. Lessee may vary the unit formed by it hereunder by instrument in writing filed for record in said county at any time and when there is no oil or gas produced or produced in substantial quantities being produced from such unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 5 with any other non-producing unit or as hereinafter provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to boundaries or amount, from that as to any other part of said Land.

(b) Lessee at any time and from time to time during the life of this lease shall have the right and power as to all or any part or formation or strata of the land herein leased, without Lessor's joinder, to unitize the same with other lands, formations, strata or leases covering lands in the same general area as the leased premises by combining the leased estate and Lessor's royalty estate created by this lease with any other lease or leases, royalty, oil and mineral estate in any other tract or tracts of the ownership thereof, so as to create by the combination of such unit interests in oil or gas or in any other mineral or non-mineral interest, a single oil, gas and mineral lease. All such production from such unitized area shall be divided or though such lands and interest were all included within the terms hereof and constituted a single oil, gas and mineral lease. Lessee shall be developed and operated by secondary or tertiary methods as allocated among the various tracts comprising such unitized area based on a formula derived from parameters utilized by Lessee and incorporated in a unitization agreement approved by the Railroad Commission of Texas. The unitization agreement shall include the provisions designed to allow for operations of the unitized area in an orderly manner and Lessor hereby agrees that all provisions contained therein shall be binding on Lessor upon such unitization agreement is approved by the Railroad Commission of Texas or other Governmental Agencies having jurisdiction over such matters. Operations on or to production of oil and/or gas from any part of the unitized area which includes all or a portion of said Land, regardless of whether such operations were commenced or such production was commenced before or after the date of this lease or the date of the instrument designating the unitized area, shall be considered for all purposes, except the payment of royalties, as operations on or to production of oil or gas from said Land and whether or not the well or wells be located on said Land. Royalties payable from the unitized area shall be computed on the basis of the production allocated to the portion of the above described land included within such unitized area and excluding therefrom any oil or gas used in or in the operations thereof or to the extent that such unit shall be excluded from calculation of royalty. Lessee may vary the unit formed by it hereunder by instrument in writing filed for record in said county at any time and when there is no oil or gas produced or produced in substantial quantities being produced from such unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 5 with any other non-producing unit or as hereinafter provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to boundaries or amount, from that as to any other part of said Land.

(b) Lessee at any time and from time to time during the life of this lease shall have the right and power as to all or any part or formation or strata of the land herein leased, without Lessor's joinder, to unitize the same with other lands, formations, strata or leases covering lands in the same general area as the leased premises by combining the leased estate and Lessor's royalty estate created by this lease with any other lease or leases, royalty, oil and mineral estate in any other tract or tracts of the ownership thereof, so as to create by the combination of such unit interests in oil or gas or in any other mineral or non-mineral interest, a single oil, gas and mineral lease. All such production from such unitized area shall be divided or though such lands and interest were all included within the terms hereof and constituted a single oil, gas and mineral lease. Lessee shall be developed and operated by secondary or tertiary methods as allocated among the various tracts comprising such unitized area based on a formula derived from parameters utilized by Lessee and incorporated in a unitization agreement approved by the Railroad Commission of Texas. The unitization agreement shall include the provisions designed to allow for operations of the unitized area in an orderly manner and Lessor hereby agrees that all provisions contained therein shall be binding on Lessor upon such unitization agreement is approved by the Railroad Commission of Texas or other Governmental Agencies having jurisdiction over such matters. Operations on or to production of oil and/or gas from any part of the unitized area which includes all or a portion of said Land, regardless of whether such operations were commenced or such production was commenced before or after the date of this lease or the date of the instrument designating the unitized area, shall be considered for all purposes, except the payment of royalties, as operations on or to production of oil or gas from said Land and whether or not the well or wells be located on said Land. Royalties payable from the unitized area shall be computed on the basis of the production allocated to the portion of the above described land included within such unitized area and excluding therefrom any oil or gas used in or in the operations thereof or to the extent that such unit shall be excluded from calculation of royalty. Lessee may vary the unit formed by it hereunder by instrument in writing filed for record in said county at any time and when there is no oil or gas produced or produced in substantial quantities being produced from such unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 5 with any other non-producing unit or as hereinafter provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to boundaries or amount, from that as to any other part of said Land.

## EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED DECEMBER 30, 2008 BY AND BETWEEN LUZ INECILIA GANN, A MARRIED WOMAN DEALING IN HER SOLE AND SEPARATE PROPERTY, AS LESSOR AND DEVON ENERGY PRODUCTION COMPANY, L.P., AS LESSEE.

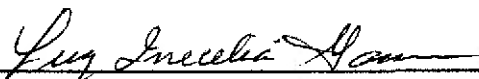
### LEGAL DESCRIPTION OF PROPERTY:

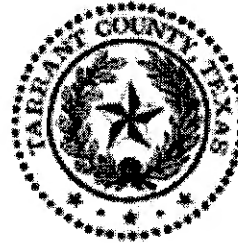
A tract of land containing 1.476 acres, more or less, in the James O. Quinn Survey, Abstract No. 1257, Tarrant County, Texas, and being the same land described in that certain Warranty Deed dated February 23, 1979, by and between First Venture Corporation, as Grantor and William W. Horn & Associates, Inc., as Grantee, recorded in Volume 6689, at Page 434, of the Deed Records of Tarrant County, Texas.

### ADDITIONAL PROVISIONS:

1. Notwithstanding anything contained in this lease to the contrary, wherever the fraction "one-eighth (1/8th)" appears in the printed portion of this lease the same is hereby amended to read "Twenty-Two Percent (22%)".
2. Notwithstanding anything to the contrary contained in the printed form to which this Exhibit is attached, it is understood and agreed between Lessor and Lessee, that there will be no operations for oil or gas development and/or production upon the surface of the above described land without the express written consent of Lessor; provided, only that Lessee shall have the right to drill under, or through, produce from and inject substances into the subsurface of the lands covered by this Lease, from wells which are located on lands pooled therewith, or which are located on other lands.
3. Lessee, its successors and assigns, agree to indemnify and hold harmless and defend Lessor, its successors and assigns, agents and employees from and against all suits, claims, demands and causes of action including attorney fees and court costs that may be at any time brought or made by any person, corporation or other entity including, but not limited to, employees of Lessee, arising out of or in any way connected with Lessee's activities and operations conducted pursuant to the terms of this lease. It is further agreed that if any suit, claim, demand or cause of action is brought or arises which is or might be covered by this indemnification provision, the party hereto who first receives notice thereof will immediately notify the other party hereto. It is understood, however, that this provision will not apply if the action is caused in whole or part by Lessor's negligence or Lessor's contributory negligence.

### SIGNED FOR IDENTIFICATION:

  
Luz Inecilia Gann



DEVON ENERGY PRODUCTION CO  
P O BOX 450

DECATUR TX 76234

Submitter: DEVON ENERGY PRODUCTION

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 03/05/2009 11:41 AM  
Instrument #: D209060024  
LSE 4 PGS \$24.00

By: \_\_\_\_\_



**D209060024**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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